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MESSAGE

OF

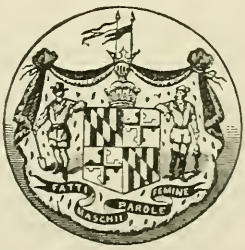
ELIHU E. JACKSON,

GOVERNOR OF MARYLAND,

TO THE

GENERAL ASSEMBLY,

AT ITS REGULAR SESSION, JANUARY, 1890.



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ANNAPOLIS :
GEORGE T. MELVIN, STATE PRINTER.
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MESSAGE.

STATE OF MARYLAND, EXECUTIVE DEPARTMENT,
ANNAPOLIS, January 1, 1890.

Gentlemen of the Senate and House of Delegates:

The Constitution makes it the duty of the Governor to inform the Legislature from time to time of the condition of the State, and to recommend to their consideration such measures as he may judge to be necessary and expedient.

FINANCES OF THE STATE.

The report of the Comptroller shows total receipts into the treasury for the fiscal year ending 30th September, 1889, to be $2,067,343.71, which, added to the balance in the treasury 30th September, 1888, $532,069.46, making the total amount available to the treasury during the fiscal year to have been $2,590,413.17. The total disbursements during the same period were $2,108,686.16, leaving a balance in the treasury 30th September, 1889, of $490,727.01. The reason for this large reduction in the cash in the treasury is the fact that the special appropriations by the Legislature of 1888 were $213,117.82 more than the same appropriations by the Legislature of 1886, including therein about $50,000 for colored schools, and large sums for harbor relief, militia, &c.

Some of these appropriations have been very liberal, and I feel it to be my duty to say that, unless you are prudent and economical, both in legislative expenses and special appropriations, it will be absolutely necessary to increase the State tax. Neither the sum of $70,300, appropriated under the Constitution of 1867 to Calvert county for internal improvements, or the sum of $60,000 for Harbor Relief Board will again occur.

FREE SCHOOL AND SINKING FUNDS.

The amounts received to the credit of the Free School Fund during the fiscal year, together with the sum to the credit of that fund September 30, 1888, amounted to an aggregate of $81,605.73, and there was disbursed during the same time to the different counties and city of Baltimore $71,405.88, leaving a balance to

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the credit of that fund at the end of the fiscal year, 1889, the sum of $10,199.85. The general Sinking Fund had to its credit 30th September, 1888, the sum of $8,239.14, and there was received from the increment of investments and amount transferred from the general treasury the sum of $52,614.30, making the total amount available to that fund to be $60,853.44; and there was expended during the same time, in the purchase of investments for the said fund, the sum of $50,750, leaving the balance to the credit of said fund 30th September, 1889, of $10,103.44. The special sinking fund for the redemption of the Treasury Relief loan had a balance to its credit 30th September, 1888, of $3,359.85, and there was received during the fiscal year and transferred from the treasury for the purchase of stock the sum of $59,466.69, making a total of $62,826.54, all of which has been invested in stock of the State, now standing to the credit of that fund. There was to the credit of the Special Sinking Fund, for the redemption of the Defense Redemption loan on the 30th September, 1888, the sum of $121,080.75; and the receipts for the fiscal year of 1889, from interest on investments of said fund and amount transferred from the treasury for the purchase of stock during the fiscal year made an aggregate of $287,527.97, being a total of $408,608.72, the whole of which has been invested in securities placed to the credit of that fund.

STATE DEBT.

The funded debts of the State amounted, at the end of the fiscal year 1889, to the sum of $10,370,535.56, and the productive assets of the State amounted at the same time to the sum of $6,031,255.04, leaving the amount of debt for which interest has to be provided by taxation to be $4,339,280.52. The Sterling debt, for the redemption of which provision was made by the Legislature of 1888, has been replaced to a large extent by the issue of bonds of the State bearing 3 per cent. interest, payable here, and the balance is in process of liquidation on the same terms. There will be due this year several amounts of the public debt issued for the benefit of sundry railroad companies and the Chesapeake and Ohio Canal Company, amounting in the aggregate to $907,990.30, which, I think, ought to be paid off entirely by a sale of such of the productive assets of the State as can be sold to advantage. I think this can be done with profit to the State, and I recommend that provision be made for the payment of this debt instead of having it refunded, as has been the custom.

I have made numerous references to the financial condition of the State, but for a general and detailed statement of its receipts and disbursements, the public debt, sinking funds, &c., I would respectfully refer you to the Comptroller's report, which you will find full and complete.

RECEIPTS FROM CORPORATION STOCKS.

Table number seven of the Comptroller's report shows the receipts into the treasury for the fiscal year, from tax on the net shares of stock of miscellaneous corporations, to be $85,795.68. This sum is exceptionally large, and shows that the State Tax Commissioner has used extraordinary diligence in the performance of his duties. The amount of revenue collected from the taxes on the real property of these corporations, amounting to $46,100.08, must be added to the revenue from the net value of shares of stock, in order to ascertain the whole amount derived from taxes on such corporations during the year.

The total amount of revenue from the taxation of miscellaneous corporations for the fiscal year, as shown in the report of the State Tax Commissioner, is $130,813.47. Although this amount is large in comparison with what the revenue from corporations was formerly, the neglect to subject foreign corporations doing business in this State to taxation, as well as our own home corporations, has done great injustice to that officer. The passage of laws providing for the proper taxation of such companies will enable him still further to increase the revenue from corporations.

GOVERNOR'S CONTINGENT FUND.

The expenditures of the Governor's contingent fund for the years 1888 and 1889 are as follows:

Balance of fund of 1887		$1,945 44
Appropriation for 1888		7,500 00
Total		$9,445 44
Expended by Governor Lloyd	$2,548 24	
Requisitions for criminals	2,071 35	
Advertising, stationery and miscellaneous	2,147 86	
Repairs to public buildings	2,607 35	
Balance	70 64	9,445 44
Balance from 1888		$ 70 64
Requisition costs repaid by State's Attorney Kerr		952 86
Appropriation for 1889		7,500 00
Total		$8,523 50
Requisitions for criminals	$1,446 04	
Militia and oyster war	1,965 45	
Advertising, telegraph and miscellaneous	2,736 76	
Repairs to Public Buildings	1,375 25	
Balance in Treasury unused	1,000 00	8,523 59

This is the only fund available for repair of the public buildings and for emergencies, and the demands upon it for necessary and proper expenses are so constant that it is very hard to keep it within bounds. An unexpended balance of one thousand dollars remains in the treasury.

NEW ASSESSMENT.

The general sentiment among the people, so far as I can learn, is that a new assessment of the property in this State is necessary at this time.

Great inequalities exist in the assessments from lapse of time, changes in values, sales and divisions of property and other causes, and the present basis as appears by statement K of the Comptroller's report is less than it was in 1887, and I therefore think it imperative that a new assessment should be provided for by law. In framing such law, I recommend that all provisions calculated to insure equality of taxation and to prevent evasion and escape of property from taxation, should be employed. To that end *money* should be, as it is in most of the States, the first subject of assessment. This is necessary to prevent persons disposed to evade their just contributions to the support of the Government from turning their property into money to evade taxation.

All interests in property, which are now effective and operative, should be assessed to the persons entitled thereto, and no owner of one valuable interest should be allowed, by conglomeration of ownership, to cover up, hide, or transfer to the shoulders of another or others the burden which the Constitution puts on himself as the owner of any estate in property capable of yielding profit or income. The principles on which our system of taxation is founded forbid, in my judgment, any scheme or provision of law by which one man may be made to bear the tax burdens of another, or by which any one may be enabled to shift the burden he ought to bear himself to the shoulders of another. I think any provision of law authorizing such contracts to be made is against good morals, and ought to be repealed.

I think, also, that all Acts of Assembly which are now on the Statute Books, by which exemptions from taxation are granted to corporations, other than religious and charitable, which it is in the power of the Legislature to repeal, ought to be repealed.

TAXATION OF FOREIGN CORPORATIONS.

The Constitution requires that the Legislature shall "provide by law for State and municipal taxation upon the revenues accruing from business done in the State by all foreign corporations." This, although required to be done by the Legislature at its first session after the adoption of the Constitution, is very far from completion. A large number of corporations, incorporated by other States, are now doing business in this State, without contributing from the profits of that business any amount to the revenues of this State. The wisdom of that requirement of the Constitution is unquestionable, and I know of no duty, more absolutely imperative upon the Legislature, than the fulfillment of this constitutional requirement. I therefore recommend that a general law be passed providing for a tax on the gross receipts of every such corporation doing business in this State. Judging from the amounts received by other States from taxes on corporations of this sort, this State has lost very much by the neglect of the Legislature to exact revenue from this source, and I think

that every available means of raising revenue from such sources should be used to lighten burdens upon the real property of the State.

RAILROAD TAXATION.

In no one particular has the Legislature of this State been so unguarded and unmindful of the rights of the people and the State as in granting franchises to railroad corporations. Maryland being the poineer in the creation of railroad corporations in this country, her Legislature seems to have been overwhelmed with the magnitude of such undertakings (which were at that time experiments) and to have imagined that such Herculean tasks demanded not only the pecuniary aid of the State to vitalize them, but that a promise of absolute immunity from taxation was necessary to induce capitalists to invest their capital in such enterprises. Hence, charters were granted exempting their shares of capital stock from taxation. These grants of immunity were not limited as to time, nor made subject to conditions, but were left unguarded by any considerations as to how they might impair the inalienable rights of the people, or conflict in after time with the exercise of the sovereign power of the State. The Legislature was doubtless of opinion that such enterprises were in every way chimerical; yet they ventured to lend to these corporations the State's right of eminent domain, to the extent of enabling them to go over the property of the people and to acquire what of such property might be necessary for the location and construction of their roads by condemnation, but it neglected to prescribe the same or reciprocal terms, as to the condemnation of the property and franchises of the newly created corporations themselves, whenever the interests of the people of the State should demand such a course. By this neglect, they left the people of the State largely without remedy in case such corporations should be successful and acquire valuable property which ought to be subject to taxation. Such corporations under these favorable circumstances soon became successful enterprises, and not only successful financially, but became powerful factors in the exercise of commercial and political power, before the Legislature took any steps to subject them to taxation. It was not until the session of 1872, when the then Comptroller called the attention of the Legislature to the subject, and presented to the General Assembly a bill to tax the gross receipts of railroad companies, which bill was passed, and with some modifications made in 1874 is now the law of the land. This gross receipt tax is small and only yields some fifty-eight thousand dollars a year to the State treasury. This sum, while of course it is much better than freedom from taxation, and is valuable as far as it goes, is nothing like the amount which the wealth of these corporations should pay to bring them upon an equality with the rest of the people.

Although there has been no such assessment of the property of these corporations as would determine the precise extent of its value, yet enough is known to make it quite certain that the property of such corporations comprises about one-fifth in value of the property of the State. While individuals and other corporations pay in direct taxes upon their property, which is about five hundred millions of dollars, upwards of nine hundred thousand dollars into the treasury of the State, the railroad corporations, owning perhaps one hundred and twenty-five millions in value, only pay fifty-eight thousand nine hundred and seventy-two dollars and ninety-eight cents. This inequality is so glaring that it cannot fail to impress the General Assembly with the necessity of taking measures to increase the contributions of such corporations towards the support of the government of the State, and to make their taxes somewhere near on an equality with those of the people. They should, in fact, of right, be larger, as extraordinary powers have been granted to these creatures of the State's power, which frequently come in conflict with and override the convenience of the individual population.

Since the adoption of the Constitution of 1851, no charter can be granted by one General Assembly which may not be repealed or amended by another, such being an express provision of the Constitution of 1851, and of each Constitution which has since been adopted by the people of this State.

Most of the railroad corporations, in search of new advantages, have been compelled to ask the General Assembly for amendments to their charters since that time, involving changes for their benefit which in fact rendered them new charters, and hence most of the charters of such corporations are now within the power of the Legislature to alter or modify, so as to conform to the best interests of the State and the people.

An amendment to the present Constitution should be made, so as to render the acceptance of any further legislation in its behalf by any corporation now claiming immunity from taxation, a waiver in express terms of the claim of irrepealability of their former charters, and an agreement that such former charters shall be held amenable to the provisions of the present Constitution.

The Legislature should also guard the rights of the people by strictly prohibiting the future consolidation or connection of any railroad with another railroad, or the transfer of any of the chartered rights and franchises of any railroad company to another railroad company, without the express consent of the Legislature given in every such case.

All these steps are in my judgment absolutely necessary to enable this State to bring the railroad corporations to bear their equal part of the taxation of the State. In order to familiarize your minds with the gross inequality of the rate of taxation of

such corporations in this State, I will cite the amounts collected by taxes on railroad companies in some of our neighboring States.

In Delaware the State taxes paid by the Philadelphia, Wilmington and Baltimore Railroad, having less than twenty-five miles of road in that State, amount to forty thousand dollars per annum, while the same road, with about fifty-five miles of road in Maryland, only pays to this State a revenue of five thousand five hundred and twenty-four dollars and sixty-five cents per annum.

The Baltimore and Ohio Railroad Company, with less than twenty-five miles of road in Delaware, pays to that State a revenue amounting to twenty-five thousand dollars per annum; while with upwards of two hundred and thirty miles of road in Maryland, it only pays to this State about twenty-eight thousand dollars. Nor is this all, for the tax is forty thousand dollars per annum, but the Legislature of Delaware granted in 1889 to that Company an abatement of fifteen thousand dollars per annum on its taxes for ten years, on account of its road in that State being new and its business comparatively undeveloped, while after the expiration of the ten years, the Company is to pay the full tax of forty thousand dollars on an equality with the Philadelphia, Wilmington and Baltimore Railroad Company.

New Jersey annually collects nearly one million dollars from her railroad companies; this is produced by a direct tax of one half of one per cent. upon all the property of such companies within the State.

Pennsylvania has three distinct taxes on all such corporations within her bounds—

1st. A tax on the stock of the respective companies.

2d. A tax of eight-tenths of one per cent. on gross receipts.

3d. A tonnage tax.

As for example: The Pennsylvania Railroad Company pays that State annually, for tax on stock about $318,600, for tax on gross receipts about $232,416 and for tonnage tax about $460,000; making a total of over one million dollars paid to that State annually by that single corporation.

If the only tax on railroads in Pennsylvania was upon gross receipts, as in Maryland, to produce the amount they now collect would require a tax of a little over three per cent., while in this State it is but one-half of one per cent. and only produces about $58,000 annually. Therefore, I recommend that an annual tax of two or two and one-half per cent. be laid upon the gross receipts of all railroad companies in this State, and that all laws inconsistent therewith be repealed.

The revenue received in these States from railroad corporations enables them to relieve their farmers and landowners from State taxes entirely on their lands, there being no State tax upon real estate in either of those States. If the present Legislature shall

succeed in relieving the farmers and land-owners of this State to the same extent, it will be entitled to the lasting gratitude of the people.

MISCELLANEOUS CORPORATIONS OF THIS STATE.

I can see no reason why a bonus of some amount should not be paid for the grant, by the State, of corporate franchises and special powers to corporations formed for any purpose of profit, and such bonus should be regulated and measured by the prospective value of the franchise granted.

In the earlier history of the State a bonus was exacted by the Legislature for bank charters, and the amount realized from the bonus on such charters amounted to a very considerable sum, which sum became the nucleus of the present school fund, and has been invested and the income employed for school purposes for many years. No general system was enacted, however, by which a bonus was required for the granting of charters generally; and eventually, in 1868, a general corporation law was passed, giving the right to form corporations for most purposes with but little ceremony, and without the imposition of any bonus to be paid to the State.

There is no reason why the grant of special franchises and privileges by the State should not be paid for, and many of the States have adopted the exaction of some bonus from every corporation for its charter, and the revenue derived from this source is a quite a large item.

I also recommend that the non-payment by any corporation of its taxes for the space of six months, after they shall become due, shall be punished by the imposition of a penalty, to be added to the taxes, and that the neglect or refusal of any corporation to pay its State taxes for one year after such taxes have become due and in arrears, shall work a forfeiture of the charter of such corporations *ipso facto*.

Such a provision will most certainly have the effect to command respect for the authority of the State from all its corporate creatures, and will not only ensure the prompt payment of the taxes, but also have a restraining and wholesome effect on the general conduct of corporations.

A large amount of arrears of taxes of corporations appears in the Comptroller's report every year, very many items of which are of long standing and now worthless, but many others are probably capable of collection by suit at law. I recommend that special provision be made for the collection of such of these taxes as are collectible, and that such as are deemed and determined to be worthless be stricken from the records of the Treasury Department.

AMENDMENTS TO THE CONSTITUTION.

There are some amendments to our present Constitution which experience seems to point to as necessary to develop the wisest

policy of government in this State, and I think it the duty of the General Assembly to formulate and present them to the people of the State for their adoption or rejection.

In addition to the amendment already proposed under the head of Railroad Taxation, the fifteenth article of the Declaration of Rights, in my opinion, should be reformed and put in such language as would clearly enunciate the following facts and principles:

First. It should make certain and state plainly what property in this State is not liable to taxation.

Second. It should then declare that all other property in this State, except such as is so declared exempt by the Constitution, is liable and shall be subjected to taxation.

Third. It should declare that the manner and rate of assessment of all property of the same class or variety shall be uniform and equal upon all owners thereof, according to the amount of their respective holdings or ownerships.

An amendment should be formulated and presented to the people for their adoption or rejection, giving to the Executive of the State the power to veto any special item or items in any appropriation bill when he may believe such items to be unwise or unjust, without invalidating the other items in such appropriation bill not objected to.

I think that Article 12, Section 3, of the Constitution, is unwise and inexpedient at this time, in denying to the General Assembly the power to authorize the sale of the State's stock in the Washington Branch of the Baltimore and Ohio Railroad Company, and in prescribing such conditions to the sale of the State's interest in the Chesapeake and Ohio Canal Company, the Chesapeake and Delaware Canal Company and the Susquehanna and Tide Water Canal Company as are calculated to defeat the power to make such a sale as would be most advantageous to the State. The terms in which this article is couched are unfortunate, in my opinion, at the present time, and an amendment should be formulated to remedy these defects, so that the State can, as soon as practicable, rid itself of all such securities.

CHESAPEAKE AND OHIO CANAL.

I desire to call your special attention to the condition of this Company.

The controlling interest is held by the State.

It has been and can be an important factor in developing the resources of a large section of the State.

It ought to be maintained as a means of transportation free from the control of any competing or parallel line of transportation, but always subject to control by the Legislature of Maryland as to its rates of charges, so as to prevent discrimination against individual shippers or localities.

The condition of the company is such that it is in imminent

peril of being sacrificed by a foreclosure and sale under the mortgage given in 1878.

By reference to the act of 1878, chapter 58, it will be seen that whenever there shall be default in the payment of three successive coupons, the holders of a majority of the bonds shall have the right to apply for the appointment of a receiver and for the sale of said Canal.

The default has occurred.

There were on the first of January, 1890, six coupons overdue and unpaid.

The B. and O. Railroad Company owns $260,000, or a majority of said bonds; and it is well known that the company contemplates proceedings for the appointment of receivers, and I am informed the minority of bondholders insist on the sale of the Canal.

The Baltimore & Ohio Railroad Company should not be permitted to own or control this great State work; with its claim of an irrepealable charter and right to charge exorbitant rates for transportation, it would be able to exact such tribute from the people of Western Maryland as it might determine.

The interests of the people of the State, therefore, demand that some provision shall be made to save the Canal and to see that it is maintained as an independent line of transportation.

For twelve years past the Presidents and Directors of the Canal have reported that it was impossible to mantain the work unless it was put in improved condition to meet the low charges by the railroads.

As late as 1868 the Baltimore & Ohio Railroad Company charged on a gross ton of coal from Cumberland to Baltimore $2.58.

In 1888 the charge for the same service was about $1.30.

In 1889 it is said to be as low as $1.05, which makes it impossible for the Canal unless improved to compete and pay expenses.

In addition, the Baltimore and Ohio and other railroad companies have purchased and now own and control the greater part of all the coal in the Cumberland basin, which is the principal tonnage of the Canal.

Prior to the control of the coal by the railroads and when rates from Cumberland to Baltimore were two ($2.00) dollars and above, the Canal prospered.

During the administration of President I. H. Gordon the current expenses were paid, and $58,435 was paid on construction bonds, and $124,447.30 was left in the treasury.

During President J. C. Clark's administration it paid expenses, and paid to bondholders the sum of $497,770.50.

During the term of President A. P. Gorman, in addition to paying expenses, there was paid to bondholders of 1844, $1,070.585.

But from 1877 to 1888, inclusive, twelve years, owing to the low rates charged and the ownership of the coal by the railroads, the deficit in the maintenance and operation of the Canal has been $701,130, including cost of extraordinary repairs.

So that when the work was greatly damaged by the last freshet in the Potomac river, it was without means to repair or credit to borrow a sufficient amount to place it in navigable condition.

The Presidents and Directors, who have been entrusted with the management of the Canal Company, have for years frankly stated in their reports that the present condition was inevitable unless sufficient expenditures were made to enlarge the Canal, or change the mode and cheapen the expenses of carriage.

The Constitution of the State prohibits any direct appropriation from the State looking to that end. A sale of the State's interest is likewise prohibited, unless the sale is ratified by the ensuing Legislature, which practically prevents a sale, for no responsible person would make an offer under such conditions.

I suppose a lease of it is feasible and legal. Sundry persons interested in having it maintained as an independent line of transportation have conferred with the Board of Public Works with a view to lease it. I hope within a few days to present for your consideration one or more propositions for the lease, which I trust will have your favorable consideration and action.

The people of the State would not be content if we permit any competing company to own or control this work, or to sacrifice all the money they have invested in it.

SUSQUEHANNA AND TIDE WATER CANAL.

By chapter 154 of the Acts of 1888, the Comptroller, with the approval of the Governor and Treasurer, was authorized to adjust the unpaid interest due the State of Maryland by the Susquehanna and Tide Water Canal Companies, to the first day of January, 1888, on one million dollars of the overdue bonds and mortgages of the said companies held by this State.

In January, 1889, a settlement was made with those companies under said Act, and the sum of $127,500 was then paid into the Treasury as a compromise, and in full settlement of all interest due the State on these obligations to January 1st, 1888. The time of payment of the said bonds and mortgages was at the same time extended under the said Act for fifty years from January 1st, 1888, at two per cent. interest, which interest has since been paid to July 1st, 1889.

OYSTERS.

No industry of this State will probably require your careful consideration to a greater extent than the oyster question. It has grown to importance within thirty years, and its growth has been so rapid that those who have studied it most closely are

unable to make recommendations with any degree of confidence, and all Legislation on the subject will be in a measure experimental.

The markets are constantly growing and the means of transportation constantly increasing, and a demand is made on the beds that is causing them to be seriously depleted. At present the prices are remunerative, and the people engaged in the taking satisfied and uncomplaining.

During last season some persons engaged in dredging undertook to resist arrest and set at defiance the State Fishery Force. The prompt and courageous action of the officers, however, sanctioned and sustained by the Courts of Justice, has put an end to such things, and the Force is now able to enforce obedience to the laws.

The present condition is therefore much more satisfactory than it has heretofore been, and we should perhaps be slow to interfere with the existing Legislation.

It seems, however, absolutely necessary to look a short distance into the future in the matter of propagation and cultivation.

I think these questions should be met and suggest a few points for your consideration.

First. To require all oysters to be closely culled on the bars where taken and prohibit the sale of oysters less than a fixed size, say 2½ inches in length.

Second. To prevent, as far as possible, the taking of oysters from this State to be planted in the waters of other States.

Third. To permit the planting of oysters in this State during certain months of the closed season.

Fourth. To employ the boats of the State Fishery Force during the closed season in distributing shells to catch the spat.

Fifth. To limit the time for taking oysters, with both dredge and scrapes, so that it should begin the 1st of November and end on the 31st of March.

These provisions, in the first place, would give the small oysters another yearto grow and probably more than double their size and quality, would keep at home our seed oysters and increase our supply, and, at the same time, would not foster and sustain the beds of other States which at present are in competition with our markets.

To secure these ends it may be required to stop absolutely the catching of all oysters in the months of April and May, in which months the foreign planters make their purchases.

I would further suggest that you inquire into the feasibility of appointing a commission to examine the waters of the State and report upon the condition of the beds and bars, and, where they have been entirely depleted, lease or rent the same for a term of years in such manner as your judgment may dictate.

Dredging was first authorized by the Legislature of 1865, upon the petition of those interested in dredging, at which time the

petitioners promised and agreed to pay such an amount for license as would support a proper police force.

The license, which was at that time fixed at $5 per ton, has been reduced until it now yields much less than is now required for the support of the force. Something must be done to relieve this condition, or this service will become a tax upon the other industries of the State, and be an unjust burden on them.

The statistics, obtained principally from the reports of the oyster measurers, show that the catch in the past season was about ten millions of bushels. These, at an average value of forty cents per bushel, would yield four millions of dollars gathered, free from any expense of cultivation, and certainly should be able to pay a charge so small as the one required.

The receipts to the credit of the oyster fund during the fiscal year 1889, were $61,562.08, and the expenditures during the same time were $63,306.09, leaving to the credit of the fund September 30, 1889, $113,883.48.

THE POTOMAC RIVER.

The oyster grounds of the Potomac river are large and valuable, and by the award of Messrs. Black and Jenkins in 1877, this entire river to low water mark on the south side was awarded to this State. In 1785 this State made a compact with the State of Virginia, in which it was agreed that the citizens of the two States should have the use of the Chesapeake Bay, the Pocomoke river and the Potomac river for free navigation to and from the ocean without paying to either State any tonnage tax, &c. The seventh article of this compact gives to the citizens of the two States the right of fishery in common in the Pocomoke river and in the Potomac river, and the claim of Virginia now is that this article of the compact continues in force, and gives them a right in common in the oyster fisheries of the Potomac.

The Legislature of 1884, while claiming that the award of 1877 had destroyed the binding force of this article of the compact, as prior conditions had annulled all the other articles thereof, nevertheless agreed, for the purpose of securing some protection for the oyster bars in the river, pending a final adjudication of the question, to unite in an act that should have the sanction of the two States. This act is, however, repealable by either State at pleasure.

The compact referred to gives the citizens of the two States the right of fishery in common in the Pocomoke river and in the Potomac river; yet while we now give to the citizens of Virginia the right to take oysters in the Potomac in common with our own citizens, our citizens are entirely excluded from that part of the Pocomoke which lies in the State of Virginia, and I think the State of Virginia ought to concede us such equal rights in the Pocomoke as we give them in the Potomac, and advise that some effort be made to secure such rights in the Pocomoke without a resort to the courts.

In 1886, the Legislature of Virginia without any notice to Maryland, passed an Act authorizing a lease for a term of years of 3,200 acres of oyster grounds in the Potomac river adjoining Hog Island, and under the authority of that Act a lease was made to a Mr. Lewis, of Virginia, and our people were prohibited from taking oysters therefrom. My attention was called to this Act at the opening of the present oyster season, and I at once began a correspondence with Governor Lee, of Virginia, in relation thereto, and though the matter has occasioned much trouble and annoyance, I am glad to report that it has finally been satisfactorily settled in accordance with the Maryland claim, and the Legislature of Virginia has repealed the Act.

TOBACCO INSPECTIONS.

The receipts from the State Tobacco Warehouses have been steadily decreasing for a number of years past, until now they have become a regular annual charge to the State, costing about ten thousand dollars more than receipts within the past two years.

It is estimated that the stock on hand at the close of 1889 will be about 10,000 hogsheads, and that, because of the short crop, the total receipts of the new crop will not exceed 15,000 hogsheads; therefore the receipts from the warehouses for the coming year must be smaller than for many years past.

I respectfully submit that such change be made in the management of the warehouses as will reduce the expense and add to the efficiency of the system.

Under the present arrangement there are five inspectors at salaries of eighteen hundred dollars each, five chief clerks at salaries of one thousand dollars each, and five receiving, five weighing and five shipping clerks at salaries of eight hundred dollars each; these salaries amounting in the aggregate to the large sum of twenty-six thousand dollars, besides a large number of screwmen and laborers at an annual cost of about fifty thousand dollars.

Looking to a more efficient and economical administration I recommend that the law be changed; that warehouses numbered one and two, except old number five warehouse, now used as as annex to one of those houses, be closed and rented for storage; that instead of the present large number of expensive officers there should be one inspector at a salary of two thousand dollars, three deputy inspectors at salaries of twelve hundred dollars each, one chief clerk at a salary of twelve hundred dollars, and six assistant clerks at salaries of eight hundred dollars each.

This change will effect a saving of fourteen thousand and four hundred dollars per annum in salaries alone, which with a very large reduction that can be made in the cost of screwmen and laborers ought to save the State not less than twenty-five thousand dollars per annum after payment of ordinary repairs, fire insurance and ground rents.

Several of the warehouses are in very bad condition and require immediate and extensive repair.

LAND OFFICE.

The Commissioner of the Land Office in his report has furnished me with much valuable information bearing upon the business of his office and relating to the State. The indexing of the abstracts of deeds sent from the counties and City of Baltimore, and which under the Acts of 1874 and 1876 he was authorized to have indexed, are nearly completed and the cost of keeping up the indexes will hereafter be greatly reduced.

The office cannot be made self-sustaining with the present low rates of fees, which are inadequate to the amount of labor performed. A new table of fees, more in accordance with the value of the services rendered, should be adopted for this office.

He is endeavoring to secure from the several county offices in the State their early records for preservation, and during the past year, by the generosity of the County Commissioners for Charles county, he has secured for safe keeping in the Land Office the early records and documents of that county.

It would be well for the Legislature to consider some means by which a portion of the stream of immigration, which now flows westward, could be diverted into Maryland. The subject has been under discussion by the farmers and newspaper press of the State, and is an interesting one. The time for its discussion is opportune, and if anything really efficient can be accomplished, it is to the interest of the people of our State that the attempt should be made. The Commissioner in his report renews his recommendation for the establishment of a bureau of immigration, in connection with his office, for the dissemination of maps, pamphlets and circulars, descriptive of the resources of the different counties, and the inducements they offer to immigrants.

There can be no doubt, if the matter were fairly considered, that immigrants would soon discover that it is much more to their advantage to establish themselves in Maryland than in the remoter States of the west. Here they would find a genial climate, a soil naturally fertile and easily renovated, a settled society, excellent schools, churches of every denomination, good roads and unusual facilities, both by rail and water for reaching a market.

He also recommends that he be authorized to compile and publish, as a supplement to his report to the next Legislature, a complete and authentic list of names of all officers and soldiers, with their rank and the company and regiment in which they served, of those who enlisted in the armies of the revolution, the whiskey insurrection, the war of 1812, the Mexican war, and the war between the States, (1861–65,) both Confederate and Federal—all which he proposes to do without cost, except for print-

ing. Nearly all the States have issued similar works, and it is time Maryland should preserve from loss, the names of all those who enlisted in her armies. The State has already lost many valuable documents and letters bearing on public events, and nearly all of her muster rolls of the revolution and the war of 1812 have been lost, destroyed or stolen from her archives.

Provision should be made under the direction of the Commissioner of the Land Office for collecting, arranging and publishing the muster rolls of all Marylanders who have served in the armies of our country.

The Commissioner also calls attention to the question of the unsettled boundary line between West Virginia and Maryland, which is of great importance to his office, and which has caused many serious outbreaks among land claimants in that section.

As the subject ought to be settled at an early day, I beg to recommend it to your earnest consideration.

BUREAU OF LABOR STATISTICS.

I would invite your attention to the report of the Chief of the Bureau of Industrial Statistics and Information.

By resolution number one of the General Assembly of Maryland of 1888, the said official is directed to make careful examination of the actual condition of female and child labor in this State, including the number, sex, age, nationality, wages, sanitary condition of places of employment and educational standard, with such recommendations as he may think proper to make.

In the report alluded to the Chief of Bureau makes special mention of his proceedings under this resolution and offers suggestions which I commend to your careful consideration. In making the necessary examinations the officers of the Bureau seem to have been treated with much courtesy, and a disposition was generally manifested to aid in the work. He calls attention to the fact that many of the factories are badly ventilated and unsuitable for the purposes for which used, and that of 376 places visited but 69 had fire escapes. He has visited or corresponded with 555 firms, giving employment to 37,253 women and children, and makes some valuable suggestions as to the desirability of providing for the industrial education of girls, and recommends a system of factory inspection.

PUBLIC SCHOOLS.

The people of the State are to be congratulated upon their admirable public school system, which has been in successful operation, almost without amendment to the law, from 1872 to the present time, and which is admitted to be one of the best in the country.

The report of the State Board of Education for 1888 shows the whole number of pupils in the State to be—

White	176,587
Colored	32,536
Making in all	209,123

with total receipts from all sources, State, counties and city of $1,719,695.14, besides considerable sums to be added thereto in certain counties from licenses and fines.

This enormous sum is distributed annually throughout the whole State, and I am happy to be able to say not a single dollar has been lost to the schools by the default of any school officer.

Taking the school population from the report of the State Board of Education for 1888, (the report for 1889 has not been filed,) we find the number of white pupils in attendance on the schools in the State to be 94,976, and from the Comptroller's Report for 1889, it appears that the amount received from the State for white schools in 1889 was $398,949.90, giving $4.20 per capita for white children.

The same report shows the number of colored pupils in attendance on the public schools to be 14,221, and the said Comptroller's Report shows that the amount received from the State for colored schools in 1889 was $122,983.38 or $8.65 per capita for colored children; thus showing that the State pays $4.45 more per head for the education of colored children in this State than is paid for the education of our white children, or more than double the amount.

Dividing the aggregate amount of State, county and city appropriations among all the enrolled pupils in the State, the amount per head is $8.22; but if divided, as is proper among the whole number of children in actual attendance on the schools, amounts to the large sum of $15.75 each per annum.

Our public school system is very liberal and seems to be as nearly perfect as it is possible for us to make it; the State, counties and city, all make large appropriations, the money is honestly disbursed, even for the most trifling and remote purpose for which it is intended, and I think it a subject for congratulation that the humblest child in our State has the fullest opportunity of acquiring such practical education as will fit him to become an intelligent and valuable citizen.

The only subject for regret disclosed by the report is the fact that but little more than one-half of the number of school children enrolled avail themselves of the privilege of the schools, and from the neglect of parents or other causes, are being deprived of the inestimable benefit of a fair education freely offered to all, without money and without price.

The annual appropriation for State Normal Schools is, for whites $10,500, and for colored $2,000.

As the law now stands some of the County School Commissioners are appointed by the courts and some by the Governor. I respectfully suggest that the mode of appointment be made uniform throughout the State.

MARYLAND AGRICULTURAL COLLEGE.

No report for the last fiscal year has been received from the college authorities. I am therefore without data for comment.

The State made some effort to infuse new life by making a donation of six thousand dollars per annum for the last two years, hoping thereby to start it into some sort of active existence. In addition to this, it receives a still larger amount annually from the United States Government, but with all this help it drags its slow length along, and I have been informed that there were but thirty-five students during the past year. If the six thousand dollars paid the college in 1889 had been paid to the public schools, it would have given a year's instruction, at the highest average cost, to three hundred and eighty children.

MILITIA.

The active, uniformed militia of this State is in good serviceable condition. Its importance should not be underestimated, and it should continue to receive the fostering care of the State.

The recommendations contained in the report of the Adjutant General meet with my approval. The general encampment held the past summer proved most beneficial to the troops, and, in fact, some such actual service is the only means by which their usefulness can be maintained. The cost of the encampment may appear large, but I am of the opinion that the State obtained a full equivalent for the outlay.

To meet the current expenses for the present year, the sum of eight thousand dollars will be required to cover the deficiency caused by the large attendance in camp, and I recommend an appropriation for the same.

The centennial celebration of the inauguration of George Washington as first President of the United States, held in New York on the thirtieth day of April last, was a memorable event in the history of our country. In order that our State be creditably represented on that occasion, it was thought advisable to have some of our troops present. The sum of twelve hundred and seventy-five dollars of the contingent fund at my disposal was devoted to this purpose, and thus, with the assistance of the officers of the Fifth Regiment Infantry, who generously agreed to surrender what pay might become due them for camp service, amounting to the sum of fourteen hundred and sixty-nine dollars and twenty-five cents, I was enabled to detail this regiment for such service. I think this sum should be refunded to them.

No appropriation having been made to carry out the provisions of the joint resolution of the last Legislature with reference to collecting certain flags, as explained in the special report of the Adjutant-General, I think the necessary amount should be provided.

I think the militia should be fostered and properly encouraged, and recommend liberal provision for its support.

THE PENITENTIARY.

The annual report of the Directors of the Penitentiary for 1889

is a most interesting document, and contains evidence of their faithful and intelligent management.

This institution has been not only self-sustaining but paid a revenue to the State from 1873 to 1877, both inclusive, and would have so continued, but that in 1887 and 1888, owing to labor agitation, the shoemaking and iron-casting contracts were withdrawn, thus throwing a very large proportion of the prisoners out of work and seriously damaging the finances of the institution.

During the past two years the Directors have been compelled to draw twelve thousand dollars from the State Treasury for the maintenance of the prison, and there remains a small deficiency of $719.59.

If the management is not interfered with by ill-considered legislation, it will soon again be in a sound financial condition and a source of revenue to the State.

HOUSE OF CORRECTION.

The affairs of this institution are admirably managed; the property is being much improved, and means have been found for the profitable employment of the prisoners. Contracts have been secured for caning chairs, which will add about $500 per month to the revenues, and in a couple of years enable you to lessen your appropriations by at least $5,000 per annum.

The Managers complain that the buildings are not large enough, and that during the greater part of the year they are compelled, for want of room, to put two, and often three prisoners in a cell designed for one.

MARYLAND HOSPITAL FOR THE INSANE.

I invite your especial attention to the report of the Board of Managers of the Hospital for the Insane and to the application for relief made by them.

In view of the unaccountable increase of insanity, the overcrowded condition of the hospital buildings and the constant demands for admission which must be denied for want of room, the Managers make urgent appeal for additional buildings, which are indispensable unless some arrangement be made to relieve the Institution of the large surplus of patients forced upon it, far beyond its capacity to treat.

It is an injustice to the poor unfortunate inmates that they cannot be furnished with suitable and proper accommodations, but must remain pent up in crowded quarters; and it is equally unjust to the Managers and Officers that they be denied the opportunity for curative treatment of insane patients forced upon them in spite of their repeated protest of want of room and means.

I have visited the hospital, have seen much of its condition and management, which, I am well satisfied, is all that could be desired or expected under the circumstances. The Managers

serve without pay, devote much of their time and attention to the faithful administration of their trust, and in every way do all that in them lies to improve the condition of the poor creatures placed under their charge. The building and grounds have been much improved and are kept in as good condition as limited means will permit. I recommend an appropriation for the erection of such additional buildings as may be found absolutely necessary for the proper care of an unfortunate class whose special custody has been assumed by the State.

From a statement accompanying the report it appears that the large sum of $31,020.82 is due the hospital by the city of Baltimore and some of the counties.

For years past the city and counties have failed to pay promptly for their patients, who are received on very moderate terms, thus seriously embarrassing the Managers, who not unfrequently have to borrow money on their own responsibility to meet current expenses. This ought not to be and the law should be so amended as to require payment quarterly, in advance, for all patients admitted.

ASYLUM FOR FEEBLE MINDED CHILDREN.

The visitors have filed a very interesting report of their progress in organizing this much needed Asylum.

By chapter 183 of Acts of 1888, ten thousand dollars was appropriated for the purchase of a site for the Asylum and providing for the payment of five thousand dollars per annum for maintenance.

The visitors have purchased a desirably located farm in Baltimore county, containing 186 acres, with a commodious dwelling house and other buildings, for which they paid the very reasonable sum of ten thousand dollars.

The Asylum was opened in January, 1889, and on the 19th day of February following the first inmate was received; now the number is twenty and about all that can be taken with the present limited room. Probably no class in our community appeals more strongly to the feelings of all well-thinking people than these helpless children.

The Asylum is now in operation and with your help will soon be in a condition to gather up these broken fragments and tenderly care for and instruct them.

The board of visitors ask an appropriation of fifty thousand dollars to provide suitable buildings, and an additional appropriation of five thousand dollars per annum for maintenance. I commend their request to your favorable consideration.

THE LUNACY COMMISSION.

I respectfully call your attention to the fourth annual report of the State Lunacy Commission, and to the good work they are doing for the insane.

Among the suggestions made by them is the repeal of that

part of the law which authorizes the Maryland Hospital for the Insane to receive pay patients, because the capacity of the institution is barely sufficient for the entirely dependent class, who, they say, should have precedence in a State institution.

I would further call your attention to the very interesting part of the report which describes the condition of our hospitals, prisons and almshouse. The cost of the commission is very little, and they have certainly done much good, if in no other way, by the reforms they have initiated and carried out in the management of county prisons and almshouses.

LIVE STOCK SANITARY BOARD.

The report of the State Live Stock Sanitary Board will show that with the co-operation and assistance of the general government the disease known as contagious pleuro-pneumonia has been almost stamped out, and while it has been necessary to adopt and enforce rules and regulations which seemed to be severe, and in some cases to work individual hardship, yet the result shows such a condition of healthy improvement as will probably enable the commissioners to greatly modify, if not to remove, all quarrantine regulations in the near future.

Two new diseases have recently attacked the cattle in various parts of the State—one known as the "Horn Fly," and the other a skin disease not yet named.

Neither of these seem now to give any serious trouble and the veterinary department is giving them close attention.

The annual appropriation to meet the expenses of the veterinary department is ten thousand dollars—of this amount $8,685.00 was expended in 1888 and $7,395.00 in 1889.

HIGH LICENSE.

A very decided sentiment in favor of high license for the sale of liquors has been recently developed in our State. Much has been said pro and con on the subject, but in deference to the decided opinions expressed by a very large proportion of our best people, I deem it wise to call your attention to the matter and ask for it your full and fair consideration.

I advise the passage of a high and strict license law, and would suggest that in preparing any bill for the purpose, the City of Baltimore and such of the counties as accept the new law be allowed to retain for their public schools, or other local objects, say two-thirds of the revenue derived from such license; the remaining one-third to be paid into the State Treasury.

REGISTRATION AND ELECTION.

The General Assembly of 1888 passed new election and registration laws.

As far as I have been able to observe, the election laws are perfectly fair and satisfactory to the people. We must, however continue to make such changes and alterations as time and ex-

perience may show to be wise, but I think you should be careful before making any radical changes.

Our registration law, however, is very defective, and requires complete revision. It ought in some way to better define what constitutes a legal residence.

These matters require your full and careful consideration.

FISH COMMISSION.

The report of the Fish Commissioners is rather flattering.

Commissioner Toadvine reports that there was hatched at the different stations on the Eastern Shore during the past year 34,000,000 shad, the largest number put out in any one year since the establishment of the commission; and 6,000,000 herring. These fish were distributed in the Pocomoke, Manokin, Wicomico, Transquakin, Blackwater, Nanticoke, Barren Creek, Choptank, Tuckahoe, Chester, Sassafras, Elk and North East Rivers. Carp in large numbers have also been distributed in different parts of the State.

Commissioner Delawder reports depositing 17,200,000 shad in the Susquehanna, Severn, Back, Patuxent and Patapsco Rivers. The propagation of fish by this means seems to be growing in favor with the fishermen, and it is thought by many that the large catch of shad and other fish for the past two years is in a great measure due to the hatching and depositing of the same in our rivers by our Fish Commissioners.

CONCLUSION.

If the recommendations which I have ventured to make should be adopted and prudently carried out I believe they would largely increase the receipts of the treasury, and in the near future enable the State to materially reduce the taxes all along the line to the great satisfaction of our unequally taxed people; but if the special recommendations made should not find favor I most earnestly hope that the superior wisdom of the two Houses will devise some other and better means to reach the same results. I assure the Legislature that waiving all pride of opinion I will most cheerfully and earnestly use all the powers entrusted to my charge, to give efficiency and success to whatever change the Legislature may adopt to serve the end in view.

In all that I have said I have endeavored to keep before me the best interests of our State, the people, and industries of all kinds.

I trust that the all-wise and overruling Providence will so rule and guide your actions that they may redound to the credit and benefit of our people.

ELIHU E. JACKSON.